

TEACHERS' RETIREMENT BOARD
SUBCOMMITTEE ON CORPORATE GOVERNANCE

SUBJECT: Approval of Minutes of the January 5, 2000
Subcommittee on Corporate Governance, Open Session

ITEM NUMBER: 3

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: February 2, 2000

INFORMATION:

PRESENTER(S): Chairperson

Proposed minutes of the Subcommittee on Corporate Governance meeting held in open session January 5, 2000 are submitted on the following pages.

**PROPOSED
MINUTES OF THE
SUBCOMMITTEE ON CORPORATE GOVERNANCE
OF THE
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
JANUARY 5, 2000
OPEN SESSION
ROBYN D. MILLER BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA**

SUBCOMMITTEE MEMBERS PRESENT

Phil Angelides, State Treasurer, Chairperson
George Fenimore
Lillian Raffel
Emma Zink
Kathleen Connell, State Controller
Curt Robinson, representing State Superintendent
of Public Instruction, Delaine Eastin
Annette Porini, representing State Director of Finance
Tim Gage

OTHER BOARD MEMBERS PRESENT

Michael Foulkes,
Jennifer DuCray Morrill
Chris Drevalas
Ann Stausboll
Gary Lynes
Marty Mathiesen

STAFF PRESENT

James Mosman, Chief Executive Officer
Patrick Mitchell, Chief Investment Officer
Elleen Okada, Director of Investment Admin. and External Relations
Chris Waddell, Chief Counsel
Doug Wills, Staff Counsel
Janice Hester Amey, Principal Investment Officer
Mary Ann Avansino, Administrative Assistant

OTHERS PRESENT

Allan Emkin, Pension Consulting Alliance
John Perez, UTLA
Paul Kneprath, American Lung Association of California
Beverly Carlson, CTA
Edna White, CRTA
Ellen Logue, CRTA/NEA
Donald Douglas, CRTA/NEA
Carla Din, The Rose Foundation

Scott Adams, USWA
Mary Wells, Council for Responsible Public Investment

A quorum being present, Chairperson Angelides called the open session meeting at 8:43 a.m.

I. **ANNOUNCEMENTS** (Item 2)
There were no announcements.

II. **APPROVAL OF MINUTES OF THE NOVEMBER 3, 1999 SUBCOMMITTEE ON CORPORATE GOVERNANCE, OPEN SESSION** (Item 3)

MOTION duly made by Ms. Porini, seconded by Dr. Connell and carried to approve the minutes of the November 3, 1999 Subcommittee on Corporate Governance, Open Session as presented.

III. **SECURITIES LITIGATION POLICY** (Item 4)

Mr. Waddell presented the written item and discussed goals and objectives of a securities litigation policy, criteria for seeking lead plaintiff status, selection of evaluation counsel, and selection of lead plaintiff counsel. Discussion ensued.

Ms. Zink and Mr. Fenimore arrived at 9:00 a.m.

Discussion continued.

MOTION duly made by Dr. Connell, seconded by Ms. Zink and carried to adopt a resolution to amend the Corporate Governance Policy to incorporate the policy on securities litigation as presented.

IV. **CORPORATE GOVERNANCE PIPELINE REPORT** (Item 5)

Mr. Mitchell presented the new written report and discussed refinements to the report. Suggestions included: stating who initiated the communications (individual or group), how many communications were received, a synopsis of why the action is being requested, and the response.

John Perez representing UTLA stated for the record that UTLA has requested that CalSTRS immediately commence divestment of CalSTRS tobacco company holdings on a pro-rata basis. UTLA defines the pro-rata share as a percentage of the total annual contributions by UTLA education employees and the district on their behalf divided by 100% of the statewide employee/employer contributions.

Paul Knepprath representing the American Lung Association of California stated for the record that he urges the Board to consider anti-tobacco action, such as a moratorium on investments in tobacco stocks or a divestment of tobacco stocks.

Chairperson Angelides recessed the meeting at 10:10 a.m.
The meeting reconvened at 10:15 a.m.

Chairperson Angelides outlined action taken to institute a moratorium on tobacco investments for the pooled funds managed by the Treasurer's Office.

Discussion ensued.

MOTION duly made by Mr. Fenimore, seconded by Ms. Zink and carried to schedule an item for discussion of the tobacco issue, to authorize staff to obtain an update to the BARRA RogersCasey tobacco report previously presented to the Investment Committee in April of 1998, and to authorize Pension Consulting Alliance to prepare a report to include information on action being taken by funds in regard to the tobacco issue as well as a prospective look at tobacco as an investment.

V. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC** (Item 6)

There were no further statements from the public.

VI. **MOVE TO CLOSED SESSION**

Chairperson Angelides recessed the meeting and reconvened into closed session at 10:50 a.m.

VII. **ADJOURNMENT**

Chairperson Angelides announced that while in closed session the Subcommittee discussed workplan issues. There being no further business to conduct, the meeting was adjourned at 11:00 a.m.

James D. Mosman, Chief Executive Officer and Secretary to the
Teachers' Retirement Board

Phil Angelides, Chairperson